

Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-06 ISO-00 EB-07 AID-05 COME-00 AGR-05

CIAE-00 INR-07 NSAE-00 TRSE-00 /037 W

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P 201210Z OCT 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 2056

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PASS OPIC

E. O. 11652: N/A

TAGS: EINV, OPIC, BR

SUBJECT: ADM INTERNATIONAL S. A.

REFS: A. STATE 244917; B. BRASILIA 7698

1. SUMMARY: BASED ON A FURTHER CONVERSATION WITH THE CENTRAL BANK ON OCTOBER 17 THE EMBASSY WAS LED TO BELIEVE THAT THE REFUSAL OF THE ADM APPLICATION WAS ESSENTIALLY BASED ON INADEQUATE INFORMATION PROVIDED BY LOCAL FIRM IN SUPPORT OF THE PROJECT. THE REFUSAL WAS, THEREFORE, APPARENTLY THE RESULT OF TECHNICAL DEFICIENCIES AND DOES NOT SEEM TO REPRESENT A POLICY CHANGE. FIRM CAN APPEAL ORIGINAL CENTRAL BANK DECISION. TO OBTAIN REVERSAL, IT SHOULD SUBMIT TO CENTRAL BANK GREATER DETAILS ON PROJECT'S BENEFIT TO BRAZIL. END SUMMARY.

2. DISCUSSING THE ADM CASE AGAIN TODAY (OCTOBER 17) WITH THE CENTRAL BANK, THE EMBASSY WAS LED TO BELIEVE THAT THE BASIC REASON FOR THE ORIGINAL REFUSAL OF THE ADM APPLICATION WAS THE ABSENCE OF SUFFICIENT INFORMATION SUPPORTING THE DEVELOPMENTAL ASPECTS OF THE PROPOSED PROJECT. THE POINTS RAISED BY OPIC IN PARA 4, REFTEL A, WERE EITHER NOT INCLUDED OR
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VAGUELY REFERRED TO IN THE APPLICATION QUESTIONNAIRE.

A MAJOR EXCLUSION APPARENTLY WAS THE REFERENCE TO THE CDI WAIVERS. INDICATION OF CDI APPROVAL IS IN ITSELF A VIRTUAL GUARANTEE OF CENTRAL BANK'S ACCEPTANCE OF A PROJECT.

3. IT IS THE EMBASSY'S UNDERSTANDING AFTER CONFERRING WITH THE CENTRAL BANK AND AGRICULTURAL MINISTRY THAT THERE HAS BEEN NO CHANGE IN GOB POLICY TOWARD THE AGROBUSINESS SECTOR. IT IS CONSIDERED IMPORTANT TO BRAZIL'S DEVELOPMENT.

4. THE AGRICULTURAL ATTACHE DISCUSSED THE ADM APPLICATION WITH OFFICIALS OF THE MINISTRY OF AGRICULTURE WHO EXPRESSED A GREAT DEAL OF INTEREST IN THE PROPOSED PROJECT AND IN THE DEVELOPMENT OF THE AGROBUSINESS IN BRAZIL. MINAG OFFICIAL INDICATED THAT HE WOULD CONTACT THE CENTRAL BANK URGING FAVORABLE DECISION. THE FACT THAT MINAG PAULINELLI IS EXPECTED TO ADDRESS THE AGRIBUSINESS COUNCIL IN NEW YORK ON EITHER THE FIRST OR SECOND MONDAY OF JANUARY IS INDICATIVE OF THE MINISTER'S PERSONAL INTEREST IN AGRIBUSINESS. PAULINELLI WILL DISCUSS AT THE MEETING IN N.Y. A NUMBER OF AGRIBUSINESS PROJECTS, CURRENTLY UNDER STUDY WITHIN THE GOB, WHICH WOULD BE ELIGIBLE FOR OPIC OR OTHER ASSISTANCE.

5. ADM MAY WISH TO APPEAL THE ORIGINAL CENTRAL BANK DECISION. IN DOING SO, HOWEVER, IT SHOULD PRESENT FULL DETAILS IN SUPPORT OF THE DEVELOPMENTAL ASPECT OF THE PROPOSED PROJECT. JOHNSON

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Message Attributes

Automatic Decaptioning: X
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Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
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